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## Details on the Economic Reforms of Deng Xiaoping

### Shifting Leadership from Mao to Deng

- After three years of power struggle among leaders of the Communist Party, Deng Xiaoping, who had early been dismissed from his post by Mao, became the most powerful leader of China in 1979. Deng rejected the extreme socialist values of the Cultural Revolution and shifted the focus of the government back to making China strong economically. Deng called his reforms the Four Modernizations—science, industry, technology, and defense—and argued that they were needed to modernize China.
- Deng's policies differed from Mao's in many ways. Unlike Mao, who distrusted intellectuals and respected peasant values, Deng praised scientists and engineers and wanted China to rise above its peasant culture. Mao believed that the central government in Beijing should plan a socialist economy for all China, while Deng shifted power and responsibility from the capital to local governments and families. Mao constantly focused on his dream of an ideal society with all people motivated by socialist spirit and service to the nation. Deng, however, wanted to see immediate results for China's progress toward modernization, and he believed individual rewards were needed to motivate people to work hard.

### Economic Reforms in Agriculture and Industry

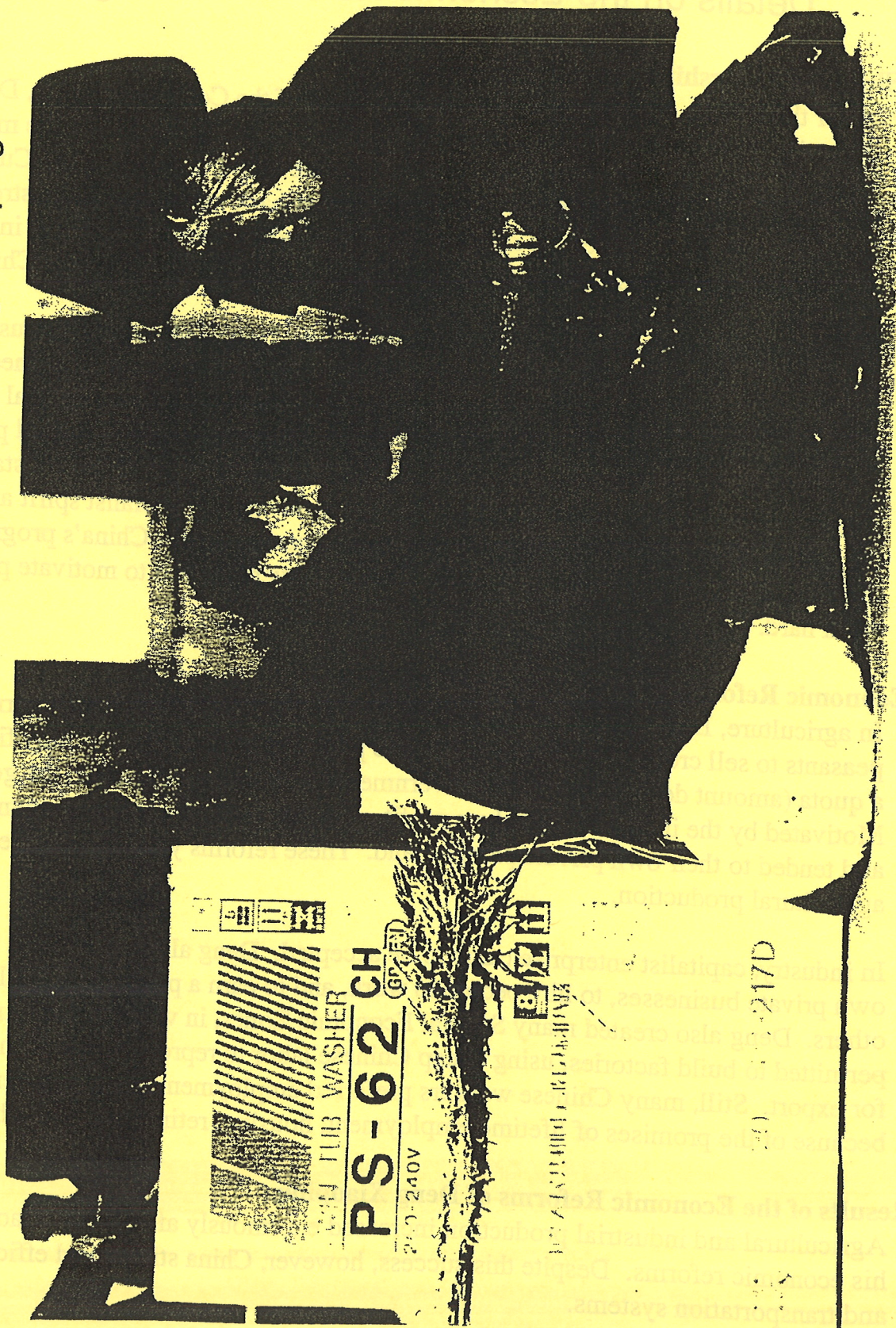
- In agriculture, Deng Xiaoping initiated the Responsibility System, which permitted peasants to sell crops from their own private plots at local markets—if they first produced a quota (amount determined by the government) of crops to be given to the government. Motivated by the incentive to make a profit, peasants gradually left state-owned collectives and tended to their own private plots of land. These reforms yielded increased agricultural production.
- In industry, capitalist enterprise came to be accepted. Deng allowed citizens to start their own private businesses, to hire people to work, and to earn a profit from the labor of others. Deng also created many Special Economic Zones, in which foreign investors were permitted to build factories, using cheap Chinese labor to reproduce goods mostly intended for export. Still, many Chinese workers preferred employment in state-run enterprises because of the promises of lifetime employment, housing, retirement, and other benefits.

### Results of the Economic Reforms of Deng Xiaoping

- Agricultural and industrial production increased enormously after Deng Xiaoping started his economic reforms. Despite this success, however, China still lacked efficient energy and transportation systems.



## Picture Representing the Economic Reforms of Deng Xiaoping



Here we see two Chinese peasants waiting in the Beijing Railway Station for a train back to rural China in 1984. With them they carry two prize purchases—a washing machine and a 20-inch color television set.